

DICKSON COUNTY EMERGENCY

COMMUNICATIONS DISTRICT

Financial Statements

June 30, 2017

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Table of Contents

	<u>Page No.</u>
Introductory Section	
Schedule of Officers, Board Members, and Officials.....	i
Financial Section	
Independent Auditor's Report .....	1 - 3
Management's Discussion and Analysis .....	4 - 8
Financial Statements	
Statement of Net Position .....	9
Statement of Revenues, Expenses and Changes in Net Position	10 - 11
Statement of Cash Flows.....	12
Notes to Financial Statements.....	13 - 21
Additional Information	
Statement of revenues, expenses, and changes in net position - budget and actual (GAAP basis).....	22 - 23
Schedule of officials bonds .....	24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards.....	25 - 26
Findings and Questioned Costs .....	27 - 28
Schedule of Disposition of Prior Year Findings And Questioned Costs .....	29

## Introductory Section

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT  
Schedule of Officers, Board Members, and Officials

June 30, 2017

<u>Officers and Board Members</u>	<u>Position</u>
Scott England	Chairman
David Faulkner	Vice - chairman
Timothy Spann	Secretary
Jerone Holt	Treasurer
Donnie Weiss	Director
Jimmy Mann	Director
Chuck Boyd	Director
 <u>Management Officials</u>	
Paul A. McCallister	Executive Director

## Financial Section

JOHN J. MICHIE  
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Independent Auditor's Report

Board of Directors  
Dickson County Emergency Communications District  
Dickson, Tennessee

**Report on the Financial Statements**

I have audited the accompanying financial statements of Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Board of Directors  
Dickson County Emergency  
Communications District  
Page Two  
October 27, 2017

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **Opinions**

In my opinion the financial statements referred to above present fairly, in all material respects, the net position of the Dickson County Emergency Communications District as of June 30, 2017, and the changes in net position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

#### **Other Matters**

##### **Required Supplementary Information**

Accounting principles general accepted in the United State of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. I have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

##### **Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dickson County Emergency Communications District's financial statements. The accompanying Schedule of Officers, Board Members and Officials, Statement of revenues, expenses, and changes in net position - budget and actual (GAAP basis), and Schedule of Officials Bonds are presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedules Statement of revenues, expenses, and changes in net position - budget and actual (GAAP basis), and Schedule of Officials Bonds are the responsibility of management and were derived from and directly relates to the underlying accounting and other records used to prepare the basic financial statements.

Dickson County Emergency  
Communications District  
October 27, 2017  
Page Three

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In my opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole

The Schedule of Officers, Board Members and Officials has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly I do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Governmental Auditing Standards*, I have also issued my report dated October 27, 2017, on my consideration of Dickson County Emergency Communications District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing Dickson County Emergency Communications District's internal control over financial reporting and compliance.



October 27, 2017



## DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

### Management's Discussion and Analysis

June 30, 2017

This section of the Dickson County Emergency Communications District's financial statements present's management's overview and analysis of the Communications District's financial performance for the year ended June 30, 2017. This section should be read in conjunction with the financial statements which follow this section.

#### Financial Highlights

Key highlights for the year ended June 30, 2017 are as follows:

The District's net position increased \$120,410.

At the end of the current year the District reported total net position of \$2,195,565

At the end of the current year the District reported current assets in excess of current liabilities of \$638,497.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The final required statement is the statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non capital financing activities.

The financial statements can be found on pages 9 - 12 of this report.

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided within the financial statements. The notes to the financial can be found on pages 13 - 21 of this report.

# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### Financial Analysis

For the year ended June 30, 2017, assets exceeded liabilities by \$2,195,565. The District has accumulated substantial current assets, 27% of total assets are current assets. The following is a summary of the District's net position.

	2017	2016	Change
Assets			
Current assets	\$ 720,715	\$ 710,188	\$ 10,527
Capital Assets	<u>1,973,230</u>	<u>1,952,733</u>	<u>20,497</u>
Total assets	2,693,945	2,662,921	31,024
Deferred Outflows of Resources	<u>4,666</u>	<u>-</u>	<u>4,666</u>
Total Assets and Deferred Outflows	<u>2,698,611</u>	<u>2,662,921</u>	<u>35,690</u>
Liabilities			
Current liabilities	82,218	93,971	(11,753)
Long term liabilities	<u>420,828</u>	<u>493,795</u>	<u>(72,967)</u>
Total liabilities	<u>503,046</u>	<u>587,766</u>	<u>(84,720)</u>
Net Position			
Net investment in capital assets	1,479,435	1,374,418	105,017
Unrestricted	<u>716,130</u>	<u>700,737</u>	<u>15,393</u>
Total net position	<u>\$2,195,565</u>	<u>\$2,075,155</u>	<u>\$120,410</u>

The Communications District's net position increased by \$120,410 for the year ended June 30, 2017. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Position.

	2017	2016	Change
Operating revenues	\$634,160	\$497,162	\$136,998
Operating expenses	<u>489,975</u>	<u>577,170</u>	<u>(87,195)</u>
Operating income (Loss)	144,185	(80,008)	224,193
Non-operating revenues	<u>(23,775)</u>	<u>(28,411)</u>	<u>4,636</u>
Change in net position	<u>\$120,410</u>	<u>\$ (108,419)</u>	<u>\$228,829</u>

# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### Revenues

The Communications District's revenues for the year ended June 30, 2017 increased \$136,818. Major changes were a result of an increase in TECB surcharges and excess revenue distributions and by the Tennessee Emergency Communication Board in the amount of \$27,396 and \$74,188.

The following is a summary of revenues:

	2017	2016	Change
TECB - distributions of 911 surcharges	\$515,160	\$487,764	\$ 27,396
TECB - distributions of excess revenues	83,586	9,398	74,188
Other operating revenues	35,414	-	35,414
Interest income	<u>3,030</u>	<u>3,210</u>	<u>(180)</u>
Total Revenues	<u>\$637,190</u>	<u>\$500,372</u>	<u>\$136,818</u>

### Expenses

The major changes in operating expenses for the year ended June 30, 2017 were a decrease in depreciation expense as a result of a decrease in depreciable assets purchased in previous years, and a decrease in communication equipment rental.

The following is a summary of operating expenses:

	2017	2016	Change
Salaries - director	\$ 53,833	\$ 50,000	\$ 3,833
Social Security	3,338	2,891	447
Medicare	780	725	55
Medical insurance	5,832	5,298	534
Unemployment insurance	106	106	-
Addressing/mapping/database consultants	400	6,023	(5,623)
Audit services	5,000	4,500	500
Accounting/bookkeeping services	3,000	3,000	-
Contracts for language interpreting	1,137	916	221
Contracts with private agencies	63,536	61,320	2,216
Legal services	2,450	5,384	(2,934)
Maintenance agreements	53,801	56,836	(3,035)
Technology consultants	10,599	13,625	(3,026)
NCIC/TBI/TIES expenses	4,320	4,560	(240)
Pest control	165	250	(85)
Leased communications equipment	25,990	51,980	(25,990)
Lease expense - buildings & facilities	2,648	2,696	(48)
Office supplies	1,112	1,146	(34)
Janitorial services	1,610	157	1,453
Postage	96	106	(10)



# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### Expenses - continued

Equipment purchases not capitalized	4,862	1,694	3,168
Uniforms and shirts	126	184	(58)
Utilities - electric	26,960	26,939	21
Utilities - natural gas/propane	1,313	838	475
Utilities - water & sewer	577	569	8
Utilities - general telephone	2,155	1,822	333
Utilities - cellphones & pagers	2,570	2,353	217
Cable/internet charges	802	623	179
Maintenance and repairs - communications equip.	2,673	1,111	1,562
Maintenance and repairs - building	5,592	9,684	(4,092)
Maintenance and repairs - vehicles	369	416	(47)
Fuel - gasoline and diesel	1,196	1,232	(36)
Other supplies and materials	860	430	430
Board meeting expenses	151	125	26
Dues	1,953	661	1,292
Insurance - liability	1,251	1,591	(340)
Insurance - building	2,188	2,596	(408)
Licenses and fees	1,840	51	1,789
Premiums on surety bonds	468	400	68
Training expenses	16,022	16,403	(381)
Travel expenses		32	(32)
Advertising		62	(62)
Depreciation	176,294	235,835	(59,541)
Interest expense	26,805	31,512	(4,707)
Loss on disposal of equipment	-	109	(109)
Total expenses	<u>\$516,780</u>	<u>\$608,791</u>	<u>\$ (92,011)</u>

### Cash Flows

Cash increased \$26,557 for the year ended June 30, 2017.

The following is a summary of the Communications District's cash flows:

	2017	2016	Change
Cash Flows provided by operations	\$315,720	\$161,509	\$ 154,211
Cash Flows from Capital and Related Financing Activities	(308,116)	(127,520)	(180,596)
Cash Flows from Investing Activities	<u>3,025</u>	<u>3,197</u>	<u>(172)</u>
Change in cash	<u>\$ 10,629</u>	<u>\$ 37,186</u>	<u>\$ (26,557)</u>

# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Management's Discussion and Analysis

June 30, 2017

### Capital Assets

The Communications District's investment in capital assets as of June 30, 2017 amounted to \$1,479,435 net of accumulated depreciation and related liabilities. Capital assets consist of land, buildings, furniture and fixtures, equipment and vehicles. Net investment in capital asset increased by \$105,017 for the year. Depreciation expense was recorded in the amount of \$176,294 for the year.

	2017	2016	Change
Land	\$ 75,000	\$ 75,000	\$ -
Buildings	1,106,889	1,106,889	-
Furniture and fixtures	1,942	1,942	-
Equipment	2,162,961	1,966,170	196,791
Vehicles	41,955	41,955	-
Total property and equipment	3,388,747	3,191,956	196,791
Accumulated depreciation	1,415,517	1,239,223	176,294
Property and equipment - net	1,973,230	1,952,733	20,497
Related liabilities	493,795	578,315	(84,520)
Net investment in capital assets	<u>\$1,479,435</u>	<u>\$1,374,418</u>	<u>\$105,017</u>

Changes in net investment in capital assets are as follows:

Acquisition of capital assets	
CAD system	\$ 172,947
Router	1,100
UPS batteries	22,744
Total additions	<u>196,791</u>
Depreciation	(176,294)
Decrease in capital lease obligations	<u>84,520</u>
Change in net investment in capital assets	105,017
Net investment in capital assets - beginning of year	<u>1,374,418</u>
Net investment in capital assets - end of year	<u>\$1,479,435</u>

### Economic Factors and Future Outlook

In light of the rapid and ever-changing technology and NG911 technology additions the Dickson County Emergency Communications Board must focus our decisions and budget allocations on the procurement and implementation of such technology in a manner that keeps us up and current standards. This will allow us to serve our citizens much more accurate and efficient.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Net Position

June 30, 2017

Assets

Current Assets

Cash	\$ 220,567
Certificates of deposit	500,030
Accrued interest receivable	118
Total Current Assets	720,715

<u>Property and Equipment - Net</u>	<u>1,973,230</u>
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Total Assets	<u>2,693,945</u>
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Deferred Outflows of Resources

Pension Contributions after Measurement Date	4,666
Total Deferred Outflows of Resources	<u>4,666</u>

Total Assets and Deferred Outflows of Recourses	<u>\$2,698,611</u>
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Liabilities and Net Position

Current Liabilities

Accounts payable	\$ 8,551
Payroll deductions payable	700
Current portion - capital lease obligations	72,967
Total Current Liabilities	<u>82,218</u>

Long Term Indebtedness

Capital lease obligation - City of Dickson	420,828
Total Long Term Indebtedness	<u>420,828</u>

Total Liabilities	<u>503,046</u>
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Net Position

Net investment in capital assets	1,479,435
Unrestricted net position	716,130
Total Net Position	<u>2,195,565</u>

Total Liabilities and Net Position	<u>\$2,698,611</u>
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The accompanying notes are an integral part of these financial statements.



DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2017

Operating Revenues

TECB distribution of 911 surcharges	\$ 515,160
TECB distribution of excess revenue	83,586
Other operating revenues	<u>35,414</u>
Total Operating Revenues	<u>634,160</u>

Operating Expenses

Salaries and Wages

Director	<u>53,833</u>
Total Salaries and Wages	<u>53,833</u>

Employee Benefits

Social Security	3,338
Medicare	780
Medical Insurance	5,832
Unemployment insurance	<u>106</u>
Total Employee Benefits	<u>10,056</u>

Contracted Services

Addressing/mapping/database consultants	400
Audit services	5,000
Accounting/bookkeeping services	3,000
Contracts for language interpreting	1,137
Contracts with private agencies	63,536
Legal Services	2,450
Maintenance agreements	53,801
Technology consultants	10,599
NCIC/TBI/TIES expenses	4,320
Pest control	165
Lease communication equipment	25,990
Lease - building/land	<u>2,648</u>
Total Contracted Services	<u>173,046</u>

Supplies, Materials and Maintenance

Office supplies	1,112
Janitorial services	1,610
Postage	96
Equipment purchases not capitalized	4,862
Uniforms and shirts	126
Utilities - electric	26,960
Utilities - natural gas/propane	1,313
Utilities - water and sewer	577
Utilities - general telephone	2,155
Utilities - cellphones & pagers	2,570
Cable/internet charges	802

The accompanying notes are an integral part of these financial statements.

# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Statement of Revenues, Expenses and Changes in Net Position - continued

For the Year Ended June 30, 2017

Maintenance and repairs - communications equipment	2,673
Maintenance and repairs - building	5,592
Maintenance and repairs - vehicles	369
Fuel - gasoline and diesel	1,196
Other supplies and materials	860
Total Supplies, Materials and Maintenance	<u>52,873</u>
<u>Other Charges</u>	
Board meeting expenses	151
Dues	1,953
Insurance - liability	1,251
Insurance - building	2,188
Licenses and fees	1,840
Premiums on surety bonds	468
Training expenses	16,022
Total Other Charges	<u>23,873</u>
<u>Depreciation</u>	<u>176,294</u>
Total Depreciation	<u>176,294</u>
Total Operating Expenses	<u>489,975</u>
Operating Income (Loss)	<u>144,185</u>
<u>Non-operating Revenues (Expenses)</u>	
Interest income	3,030
Interest expense	(26,805)
Total Non-operating Revenues (Expenses)	<u>(23,775)</u>
Increase (Decrease) in Net Position	120,410
<u>Net Position - beginning of year</u>	<u>2,075,155</u>
<u>Net Position - end of year</u>	<u>\$2,195,565</u>

The accompanying notes are an integral part of these financial statements.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2017

Cash Flows from Operations

Cash received from surcharges and other revenue	\$634,160
Cash paid to suppliers	(259,941)
Cash paid to employees	(53,833)
Cash paid to employee pension plan	(4,666)
Total Cash Provided (Used) by Operations	<u>315,720</u>

Cash Flows from Capital and Related Financing Activities

Purchase of property and equipment	(196,791)
Long term lease obligation payments	(84,520)
Interest expense paid	(26,805)
Cash Provided (Used) by Capital and Related Financing Activities	<u>(308,116)</u>

Cash Flows from Investing Activities

Increase in certificates of deposit	(1)
Interest income received	<u>3,026</u>
Cash Provided (Used) from Investing Activities	<u>3,025</u>

Total Increase in Cash 10,629

Cash - beginning of year 209,938

Cash - end of year \$220,567

Reconciliation of Net Operating Income to Net  
Cash Flows from Operating Activities

Net Operating Income (Loss)	\$144,185
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	176,294
Increase (decrease)	
Accounts payable	(900)
Payroll deductions payable	807
Deferred outflows related to pensions	<u>(4,666)</u>
Net Cash Provided by Operations	<u>\$315,720</u>

The accompanying notes are an integral part of these financial statements.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies

Business Activity - The Dickson County Emergency Communications District was created to provide enhanced emergency telephone communications service (E-911) within Dickson County.

Component Unit - The District is a component unit of Dickson County, Tennessee. Dickson County's board of commissioners appoints a voting majority to the District's board and is able to influence the operations of the District by regulating the tariff charged by the District for emergency telephone service.

Method of Accounting - The District recognizes income and expenses on the accrual basis of accounting, whereby operating income is reported as earned and expenses are reported when incurred.

Measurement Focus - The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, and all liabilities, and deferred inflows of resources associated with the operations are included in the statement of net position. The statement of Revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

Cash and Cash Equivalents - For purpose of reporting cash flows, cash and cash equivalents include cash and all highly liquid investments with an original maturity of three months or less.

Property and Equipment - Property and equipment are stated at cost. The District capitalizes expenditures when an individual cost exceeds \$1,000 and its estimated useful life is three years or greater. Depreciation is computed by the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Buildings	15 - 40
Equipment	5 - 25
Furniture and fixtures	10
Vehicles	5

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.



DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies - continued

Deferred Outflows/Inflows of Resources - A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. Deferred outflows of resources are presented after total assets. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position that applies to a future period and so will be recognized as an inflow of recourse (revenue) until that time. Deferred inflows of resources are presented after total liabilities. Deferred outflows of resources presented in the accompanying financial statements include amounts related to pensions, and pension expense, refer to Note 8 for further details.

Equity Classification - Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to acquisition, construction, or improvement of those assets.

Restricted Net Position - consists of net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the District pursuant to those stipulations or that by the passage of time. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted net position - consist of all other net position that do not meet the definition of invested in capital assets.

Operating and Non-operating revenues - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues not meeting this definition are reported as non-operating revenues.

Concentrations of Credit Risk - The District grants credit to various telephone and cellular service providers in the form of emergency telephone tariffs collected by the providers from their customers. It is the provider's responsibility to forward to the Dickson County Emergency Communications District tariffs collected.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2017

Note 1 - Summary of Significant Accounting Policies - continued

Budgetary Information

The Dickson County ECD's budget procedures are as follows:

1. During the current year the budget is monitored for amendments and changes that may affect the fiscal plan for the upcoming year and any amendments to current budget.
2. During the month of March the Director prepares the budget for the ensuing fiscal year and presents the preliminary findings to the board for discussion.
3. In May, a proposed budget is presented to the ECD board for review, changes or suggestions. Once it is past the review (not approval) it is accepted as a proposed budget to send to the Dickson County Clerk for distribution per TCA 7-86-120 to the Mayor and Municipalities. Those members can only make recommendations regarding the ECD budget but cannot adjust the budget.
4. In June, a public hearing is held regarding the budget prior to the regularly scheduled meeting for purpose of passing the annual budget. The ECD board makes any needed changes and adopts the budget for the upcoming fiscal year.
5. In July, a copy of the adopted budget is resent (or confirmed if there are no changes) to the County Clerk for filing and distribution to the Mayor and Municipalities. A copy is also sent to the Tennessee Emergency Communications Board (TN ECB).

Pensions - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to or deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan. Investments are reported at fair value.



# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2017

Note 2 - Cash - At June 30, 2017 cash consisted of the following accounts:

	Bank Balance	Carrying Value
Operating account	\$313,966	\$220,567
Certificates of deposit	<u>500,030</u>	<u>500,030</u>
Total	<u>\$813,996</u>	<u>\$720,597</u>

The District is exposed to custodial credit risk of the District's cash deposits being lost due to bank failure. The bank mitigates this risk, by complying with State statutes, and adopting a policy to require the financial institutions holding cash deposits to be members of the Tennessee Collateral Pool or pledge collateral for deposits in excess of federal depository insurance. The collateral is required to be held by the District or its agent in the District's name. The above amounts are deposited in various banks in Dickson County area. As of June 30, 2017, all deposits of the District were collateralized in accordance with State statutes. State statutes authorize the District to invest in obligations of the Federal government, Federal agencies, the State investment pool, certificates of deposit, other time deposits, and repurchase agreements. The District's investment policy follows State law which authorizes investments for emergency communications district in Tennessee Code Annotated Section 5-8-301. All of the District's temporary investments are in certificates of deposits.

Note 3 - Property and Equipment - At June 30, 2017, property and equipment consisted of the following:

	Cost	Accumulated Depreciation
<u>Capital assets not being depreciated</u>		
Land	\$ 75,000	
<u>Capital assets being depreciated</u>		
Buildings	1,106,889	\$ 155,088
Furniture and fixtures	1,942	485
Equipment	2,162,961	1,230,353
Vehicles	<u>41,955</u>	<u>29,591</u>
Total Buildings and equipment	3,388,747	<u>\$1,415,517</u>
Less: accumulated depreciation	<u>1,415,517</u>	
Property and equipment - net	<u>\$1,973,230</u>	

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
<u>Cost</u>				
Land	\$ 75,000	\$-	\$ -	\$ 75,000
Buildings	1,106,889	-	-	1,106,889
Furniture and fixtures	1,942	-	-	1,942
Equipment	1,966,170	196,791	-	2,162,961
Vehicles	<u>41,955</u>	<u>-</u>	<u>-</u>	<u>41,955</u>
Total	<u>\$3,191,956</u>	<u>\$196,791</u>	<u>\$ -</u>	<u>\$3,388,747</u>

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2017

Note 3 - Property and Equipment - continued

	Balance June 30, 2016	Depreciation	Disposals	Balance June 30, 2017
<u>Accumulated depreciation</u>				
Buildings	\$ 127,433	\$ 27,655	\$ -	\$ 155,088
Furniture and fixtures	291	194	-	485
Equipment	1,086,147	144,206	-	1,230,353
Vehicles	25,352	4,239	-	29,591
Total	<u>\$1,239,223</u>	<u>\$176,294</u>	<u>\$ -</u>	<u>\$1,415,517</u>

Depreciation expense for the year ended June 30, 2017 amounted to \$176,294.

Note 4 - Indebtedness

Capital Lease Obligations

City of Dickson, Tennessee  
Non-cancelable capital lease  
Due in monthly installments  
of \$8,000 until June 2023  
Secured by District's communication center

Present value of net minimum	
capital lease payments	\$493,795
Less current obligation	<u>72,967</u>
Long-term lease obligations - net	<u>\$420,828</u>

The amounts capitalized under the above capitalized lease arrangements are included in equipment on the balance sheet as follows:

Land	\$ 75,000
Building	<u>1,084,748</u>
	1,159,748
Less accumulated amortization	<u>149,946</u>
	<u>\$1,009,802</u>

The present value of future minimum capital lease payments as of June 30, 2017 is as follows:

<u>Year</u>	<u>City of Dickson</u>
2018	\$ 96,000
2019	96,000
2020	96,000

# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2017

### Note 4 - Indebtedness - continued

2021	96,000
2022	96,000
2023	<u>96,000</u>
	576,000

Less amounts representing interest	<u>82,205</u>
Present value on net minimum capital lease payments	<u>\$493,795</u>

### Capital Lease Obligations

Summary of changes in indebtedness is as follows:

	Balance June 30, <u>2016</u>	<u>Payments</u>	Balance June 30, <u>2017</u>
<u>Capital Lease Obligations</u>			
City of Dickson, Tennessee	\$563,211	\$69,416	\$493,795
BellSouth Telecommunications, Inc.	<u>15,104</u>	<u>15,104</u>	<u>-</u>
Total	<u>\$578,315</u>	<u>\$84,520</u>	<u>\$493,795</u>

Interest was paid on lease obligations for the year ended June 30, 2017 in the amount of \$26,805. Amount charged to expense \$26,805. Amount capitalized \$-0-.

### Note 5 - Insurance Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The district has an arrangement with the City of Dickson, Tennessee, whereby the City obtains general insurance coverage for the property of the District. The City participates in the Tennessee Municipal League Risk Management Pool (the Pool). The Pool operates as a common risk-sharing pool by which governments pool risks and funds and share in the cost of losses. The District purchase commercial insurance for the risks of losses not covered by the Pool. These risks include general fidelity bond for the board of directors. Settled claims have not exceeded this commercial coverage in the last three years.

# DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2017

### Note 6 - Net investment in capital assets

Changes in net investment in capital assets is comprised of the following:

Acquisition of capital assets	
CAD system	\$ 172,947
Router	1,100
UPS batteries	<u>22,744</u>
Total additions	196,791
Depreciation	(176,294)
Decrease in capital lease obligations	<u>84,520</u>
Change in net investment in capital assets	105,017
Net investment in capital assets - beginning of year	<u>1,374,418</u>
Net investment in capital assets - end of year	<u>\$1,479,435</u>

### Note 7 - Operating Lease Commitments

The District leases land on which District has located a base station and antenna. The lease agreement provides for annual rental in the amount of \$2,000 plus property taxes. The term of the lease is 30 years with an option to renew the lease for another 30 years. The term of the lease is from May 2004 until May 2034.

Future minimum lease payments are as follows:

2018	\$ 2,000
2019	2,000
2020	2,000
2021	2,000
2022	2,000
2023 - 2027	10,000
2028 - 2032	10,000
2033 - 2034	<u>4,000</u>
Total	<u>\$34,000</u>



DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2017

Note 8 - Retirement Commitments

General Information About the Pension Plan

Plan Description - Employees of the Dickson County Emergency Communications Board commenced membership in the Tennessee Consolidated Retirement System (TCRS) as of April 1, 2017 and are provided with pensions through TCRS by the District. The TCRS was created by State statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of State government, administers the plans of TCRS.

Benefits Provided - TCA, Title 8, Chapters 34-37 establish the benefit terms and can only be amended by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Participants are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 where the member's age and service total 90. The District's plan does not include automatic cost of living adjustments after retirement.

Contributions - Contributions for employees are established in the statutes governing TCRS and may only be changed by the Tennessee general Assembly. Employees contribute five percent of their salary. The District makes employer contributions at the rate set by the Board of Trustees as determined by actuarial valuation. Contributions were not made until after the effective date of April 1, 2017; therefore no contributions were made during measurement period. By law, employer contributions are required to be paid. TCRS may intercept the Districts state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources.

Pension Liabilities - The measurement date of the plan in June 30, 2016, which is prior to the District's participation in the Plan. Consequently, there is no net pension liability as of June 30, 2017.

Pension Expense - Due to the measurement date being June 30, 2016, the District did not recognize any pension expense for the year ended June 30, 2017.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Notes to Financial Statements

June 30, 2017

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2017, The District reported deferred outflows of resources related to pensions from the following source.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions Subsequent to the Measurement Date of June 30, 2016	<u>\$4,666</u>	<u>N/A</u>

Note - the amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2016" will be recognized as a reduction to net pension liability in the year ending June 30, 2018.

Note 9 - Commitments and Contingencies

Management has evaluated subsequent events through October 27, 2017, the date of which the financial statements were available to be issued.

The District has contracted for the purchase Mobile CAD equipment in the amount of \$210,000. The equipment is expected to be delivered and placed in service during the year ended June 30, 2018.



**DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

Statement of Revenues, Expenditures  
and Changes in Net Position - Budget and Actual (GAAP Basis)

For the Year Ended June 30, 2017

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
<b>Revenues</b>				
TECB distributions of 911 surcharges	\$487,764	\$515,160	\$515,160	\$ -
TECB distribution of excess revenue	-	83,586	83,586	-
Other operating revenues	-	35,400	35,414	14
Total Revenues	<u>487,764</u>	<u>634,146</u>	<u>634,160</u>	<u>14</u>
<b>Expenditures</b>				
Salaries and wages				
Salaries - director	50,000	51,750	53,833	2,083
Employee benefits				
Social Security	3,500	3,500	3,338	(162)
Medicare	900	900	780	(120)
Medical insurance	6,000	6,000	5,832	(168)
Unemployment insurance	300	300	106	(194)
Pension expense		5,000		(5,000)
Contracted services				
Addressing/mapping/database consultants	10,000	5,000	400	(4,600)
Audit services	5,000	5,000	5,000	
Accounting/bookkeeping services	3,000	3,000	3,000	
Contracts for language interpreting	1,200	1,200	1,137	(63)
Contracts with private agencies	67,000	67,000	63,536	(3,464)
Legal services	8,000	8,000	2,450	(5,550)
Maintenance agreements	60,000	60,000	53,801	(6,199)
Technology consultants	12,000	12,000	10,599	(1,401)
NCIC/TBI/TIES expenses	5,000	5,000	4,320	(680)
Pest control	300	300	165	(135)
Leased communications equipment	52,000	30,000	25,990	(4,010)
Lease expense buildings & facilities	3,000	3,000	2,648	(352)
Supplies, materials & maintenance				
Office supplies	2,000	2,000	1,112	(888)
Janitorial supplies	2,000	2,000	1,610	(390)
Postage	300	300	96	(204)
Equipment purchases not capitalized	3,000	5,000	4,862	(138)
Uniforms and shirts	250	250	126	(124)
Utilities - electric	30,000	30,000	26,960	(3,040)
Utilities - natural gas/propane	3,000	3,000	1,313	(1,687)
Utilities - water and sewer	1,000	1,000	577	(423)
Utilities - general telephone	5,000	5,000	2,155	(2,845)
Utilities - cellphones & pagers	3,000	3,000	2,570	(430)
Cable/internet charges	900	900	802	(98)
Maintenance and repairs - comm. Equip.	10,000	10,000	2,673	(7,327)
Maintenance and repairs - buildings	10,000	10,000	5,592	(4,408)
Maintenance and repairs - vehicles	1,000	1,000	369	(631)
Fuel - gasoline and diesel	3,000	3,000	1,196	(1,804)
Other supplies and materials	2,000	2,000	860	(1,140)

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Statement of Revenues, Expenditures  
and Changes in Net Position - Budget and Actual

For the Year Ended June 30, 2017

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
Other charges				
Board meeting expenses	500	500	151	(349)
Dues	2,000	2,000	1,953	(47)
Insurance - liability	1,300	1,300	1,251	(49)
Insurance - building	2,500	2,500	2,188	(312)
Insurance - vehicles	1,000			
Legal notices	500	500		(500)
Licenses and fees	2,000	2,000	1,840	(160)
Premiums on surety bonds	500	500	468	(32)
Training expenses	20,000	20,000	16,022	(3,978)
Travel expenses	200	200		(200)
Depreciation	<u>228,500</u>	<u>166,000</u>	<u>176,294</u>	<u>10,294</u>
Total operating expenses	<u>622,650</u>	<u>540,900</u>	<u>489,975</u>	<u>50,925</u>
Operating income (loss)	<u>(134,886)</u>	<u>93,246</u>	<u>144,185</u>	<u>50,939</u>
Non-operating revenues (expenses)				
Interest income	3,000	3,000	3,030	30
Interest expense	<u>(30,000)</u>	<u>(30,000)</u>	<u>(26,805)</u>	<u>(3,195)</u>
Total non-operating revenues (expenses)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(23,775)</u>	<u>(3,225)</u>
Increase (decrease) in net position	(161,886)	66,246	120,410	<u>\$54,164</u>
Net Position, beginning of year	<u>2,075,155</u>	<u>2,075,155</u>	<u>2,075,155</u>	
Net Position, end of year	<u>\$1,913,269</u>	<u>2,141,401</u>	<u>\$2,195,565</u>	

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule of Officials Bonds

June 30, 2017

The District maintains fidelity bonds on individuals authorized to sign checks for the District. At June 30, 2017 the following surety bonds were in force:

Chairman	\$200,000
Vice-chairman	200,000
Treasurer	200,000

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Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance with Governmental Auditing Standards

Board of Directors  
Dickson County Emergency  
Communications District  
Dickson, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Dickson County Emergency Communications District, a component unit of Dickson County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Dickson County Emergency Communications District's basic financial statements and have issued my report thereon dated October 28, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Dickson County Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dickson County Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of Dickson County Emergency Communications District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented or detected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Board of Directors  
Dickson County Emergency  
Communications District  
Page Two  
October 27, 2017

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as number 2017-001 that I consider to be significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickson County Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item Number 2017-002.

#### Dickson County Emergency Communications District's Response to Findings

Dickson County Emergency Communications District's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit Dickson County Emergency Communications District's response and, accordingly, I express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 27, 2017

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2017

SIGNIFICANT DEFICIENCIES INVOLVING INTERNAL CONTROL STRUCTURE  
BASED ON AUDIT OF GENERAL  
PURPOSE FINANCIAL STATEMENTS

2017-001 Finding

Accounting functions do not appear to be adequately separated. Good internal accounting controls mandate that no one person should perform all phases of the transaction cycle from beginning to end. The District's recorder is responsible for writing and recording disbursements and reconciling bank statements. The Uniform Accounting Manual for Tennessee Municipalities, Section 06-7-0, provides the requirements for establishing an adequate system of internal control. Without proper segregation of duties, accounting errors or irregularities may occur and not be detected.

Recommendation

To strengthen internal controls, I recommend that the District establish a simple and flexible organizational plan which clearly places responsibility for specific activities upon specified individuals. I also recommend that the Board of Directors enforce the division of duties and provide a system of checks and balances so that no one person has control over a complete transaction.

District's Response

The District is unable to completely separate duties because of the very limited staff available to perform the duties. However, the Board has implemented a system of policies and procedures in order to strengthen internal control and provide proper separation of duties.

SIGNIFICANT DEFICIENCIES INVOLVING COMPLIANCE  
BASED ON AUDIT OF GENERAL  
PURPOSE FINANCIAL STATEMENTS

2017-002 Finding

During the year ended June 30, 2017 the District expended funds in several expense categories in excess of adopted budget.

Recommendation

I recommend the District closely monitor expenditures to ensure amounts remain within adopted budget guidelines, and if necessary, amend the budget for unforeseen expenditures.



DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Schedule Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2017

District's Response

The District will implement the above recommendations and closely monitor individual account expenditures in order to remain within budgetary guidelines and if necessary amend the budget for expenditures not taken into account when the original budget was prepared.

DICKSON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

Auditor's Comments on Audit Resolution Matters Relating to Prior Findings

Internal Control Structure

June 30, 2017

Finding No. 1      Accounting functions are not adequately separated.

Status              Due to limited personnel the District continues to be unable to adequately segregate accounting functions. This finding is unresolved and repeated in present year's findings and recommendation.

Auditor's Comments on Audit Resolution Matters Relating to Prior Findings

Compliance with Laws and Regulations

Finding No. 2      District expended funds in excess of adopted budget

Status              During the year ended June 30, 2017 the District expended funds in several categories in excess of adopted budget. This finding is unresolved and is repeated in present year's findings and recommendation.